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Diabetes Mine

A gold mine of straight talk and encouragement

The High Cost of Insulin (And a Plea to Lilly)

Written by Mike Hoskins | Published on February 22, 2016



The high cost of insulin has long been a sore spot among the Diabetes Community. And the dust was stirred up again when Eli Lilly executives made comments about their increasing profits from insulin during a recent earnings call (covered in this [MarketWatch story](#)).

During the late January call, Lilly leadership highlighted growing earnings from Humalog -- up 9% overall over the previous year, and up roughly 20% during the last three months of the year alone. That growth is "driven by price and to a lesser extent volume," they said.

At one point, in response to a question about the "captive audience" for this life-sustaining drug, Lilly CEO John Lechleiter said, "Yes, (drugs) can be expensive, but disease is a lot more expensive."

The company has made recent price hikes, apparently following a spell from 2009-2013 when price increases were extremely low and the industry "felt the pain." Yes, he actually said that.

OUCH!

Talk about your lack of sensitivity and compassion for the MANY people who experience complications and even die because they simply can't afford the medication needed to keep them alive and well.

By way of explanation, Lechleiter added: "Pharma and Bio have been putting prices into perspective, and putting the kind of information out there that advocates and policy-makers need, to make sure it remains a balance. We have to continue to demonstrate there's value to these medications."

Defending the Drug Industry

Note that none of this is happening in a bubble. Lilly and other Pharma giants have been prepping since October to defend the industry on drug pricing -- especially in the face of national rage over [Pharma's bad boy Martin Shkreli](#),

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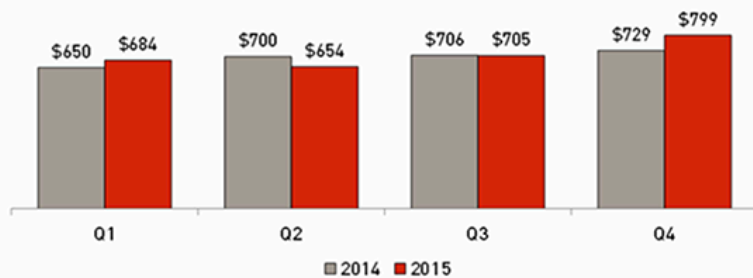
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Millions

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Lilly

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former CEO of Turing Pharmaceuticals who's been testifying before a Congressional committee on accusations that his company raised drug prices exorbitantly.

The three leading insulin makers -- Lilly, Novo Nordisk, and Sanofi -- have been called out over escalating prices over the past decade, but the issue is really heating up now. Just this past weekend, the *New York Times* published an op/ed written by an endocrinologist, with the headline "[Break Up the Insulin Racket](#)," citing some disturbing statistics:

"What makes this so worrisome is that the Big Three have simultaneously hiked their prices. From 2010 to 2015, the price of Lantus (made by Sanofi) went up by 168 percent; the price of Levemir (made by Novo Nordisk) rose by 169 percent; and the price of Humulin R U-500 (made by Eli Lilly) soared by 325 percent."

Holy hell... seriously?! There's no justification for that, in our book.

Lilly's Lechleiter has stated that policy-makers might hear from consumers about lack of access and huge copays, and not get "the full story" of what industry is doing to help keep prices in check. He said Pharma needs to get that message across, as well as the important notion that companies like Lilly reinvest some of the revenue into R&D for further treatment and cure research.

This R&D work can help slow the progression of disease today, and even someday abate the complications all together, he said. "Clearly we are working on all of it and that's what people expect us in this research-based industry to do. We have to distinguish the research-based industry from other aspects of this pricing debate."



Lilly PR Responds

We reached out to the company for a chance to respond, but unfortunately all we heard were excuses about how complicated insulin pricing really is, how it's not the drug makers' fault that costs are so high, and that comments made during the investor call were taken out of context by the MarketWatch reporter (who's a Humalog-using type 1 herself, btw).



This is the full, unedited response from Lilly spokeswoman Julie Williams:

"The reasons some people are experiencing higher out-of-pocket costs for their medicine are complex, and go beyond the medicine's list price. One of the primary reasons is the advent of new insurance plan designs – particularly the increased use of high-deductible health plans, which shift more of the cost to the individual.

"Over the past few years, many people have moved from traditional copay insurance plans (where they paid predictable copay prices for prescription medicine) to high-deductible or coinsurance plans, leading to higher and unpredictable costs for consumers for extended periods of time. This means someone who may have had a fixed copay for a medicine on a traditional plan could now face paying the "list price" – which can be hundreds of dollars per prescription – until they meet their plan's deductible. The deductible in these plans can often be several thousand dollars.

"There is a wide and growing discrepancy between the published 'list price' Lilly sets and the 'net price' that Lilly actually receives.

"The list price (also known as the wholesale acquisition cost or WAC) is the price that a manufacturer sets as a starting point for negotiations with federal and state governments, private insurers, and pharmacy benefit managers to gain formulary access. Manufacturers also use list price in negotiations with wholesalers and others involved in the distribution process.

"The amount the manufacturer receives after all discounts and rebates are applied is considerably less than the list price. For example, the net price for Humalog – our most commonly used insulin – increased by 4 percent over the five-year period of 2009 to 2014, which is a much smaller increase than what some consumers have experienced."

In response to a question about what Lilly is doing to help people who need insulin but can't afford it, Williams pointed to its [Lilly Cares](#) program that's offered \$530M to more than 200,000 patients who need meds. Note: this is across the board, not just insulin and diabetes meds. The company also explained it has



"Most importantly, we are actively involved on several fronts with many important leaders in the diabetes community to find solutions to the issues the community is facing," Williams tells us. "We will make progress but it will only happen if we work together to uncover the most meaningful solutions that ensure everyone who needs insulin can access it affordably."

Eli Lilly: Please Step Up

Look, no one needs to tell us [how pricey insulin](#) is these days. We feel that sticker shock every time we have to buy it.

We know how complicated and costly the whole American healthcare system is. And hey, there is [no generic insulin](#) at the moment.

For the record, we've had multiple conversations over the past two years with insurers, benefits advisors and pharmacy benefits managers about the cost of insulin. We get that they're part and parcel of this problem too.

But the finger-pointing has to stop, and the companies making the medications have to admit they have a hand in these high prices, especially when it comes to expiring patents and other "business imperatives" from their side. They've got to stop company execs like Lechleiter from essentially saying, "*Hey, our drug prices aren't anything compared to what it costs to live with diabetes overall!*"

We've actually seen the [insulin-making plant at Lilly](#) from the inside, and discussed the pricing issue with them in depth from the manufacturing POV. Back at that [2013 Lilly Diabetes Summit](#), execs told the group of invited patient advocates how they were working on manufacturing efficiencies that would improve the process and actually make the drug more affordable for patients!



Yet here we are in 2016, and the cost of Humalog is now the highest of any insulin and prices keep rising (across the board, not just Lilly's).

It also doesn't help that when we flat-out ask Lilly to name its "list and net prices," they decline to answer.

Things have got to change. Across the Diabetes Community, vocal advocates -- including [Kelly Kunik](#) and [Leighann Calentine](#), [Stephen Shaul](#), and the folks at [Insulin Nation](#) -- are all wondering: at what point will consumer pressure begin tipping the scales against Lilly and its Pharma contemporaries so they're forced to rethink how they do business?

In the case of insulin, Lilly is of course an institution. They were the first to distribute this life-saving drug back in 1922 and regardless of market share and



make a difference.

With all of this negativity at the moment, we thought it was unfortunate -- and a very bad PR move -- that Lilly chose not participate in the annual [Spare a Rose](#) initiative benefiting the IDF's [Life for a Child](#). Yes, [the company does donate](#) to that cause at other times of the year. But with Spare a Rose being a community-led, grassroots initiative, making even a gesture donation would have helped. A failed good will opp there, Lilly!

What it comes down to is that diabetes is a business, after all. And that can be tough to think about.

We just hope that Lilly remembers we can't afford to take a stand by boycotting these medications -- which our lives depend on.

So we're at their mercy in the hopes that they step up and show the compassion and integrity we know they're capable of -- instead of side-stepping the issue and placing the blame on the rest of the healthcare system.

Disclaimer: Content created by the Diabetes Mine team. For more details [click here](#).

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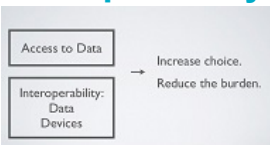
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
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